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FACTS ON FILE

WORLD NEWS DIGEST WITH INDEX

Published weekly in 2 Sections—Section 1

Vol. XXI, No. 1080 July 6-12, 1961

WORLD AFFAIRS

Berlin & Germany

USSR Orders Military Buildup. Soviet Premier Khrushchev announced July 8 that the USSR had suspended planned troop reductions and had ordered a 25% increase in defense expenditures for 1961.

Khrushchev declared that the Soviet government had been "compelled" to take this decision by a Western military buildup resulting from the continuing East-West crisis over the future of Berlin and Germany.

Addressing a Kremlin meeting of military academy graduates, Khrushchev disclosed the Soviet decision in these words:

"Comrades, the . . . Soviet Union follows attentively the military measures taken of late by the United States . . . and its NATO allies. We cannot disregard such facts as the building up of armed forces in the Western countries, the steps to increase considerably the number of strategic A-bombers which are constantly kept in the air. The forces of West Germany are being equipped with the latest weapons and increased numerically. . . . Mr. Kennedy proclaimed in his recent messages to Congress the so-called 'new course.' It provides for stepping up the program of developing rocket-missile strategic weapons, the raising of the military readiness of all services. For this purpose, Pres. Kennedy has proposed to increase military allocations . . . by more than $3.5 billion. This means that the [U.S.'] military spendings in the fiscal year of 1961-1962 will exceed $53 billion."

"Taking into account the obtaining situation, the Soviet government was compelled to instruct the Defense Ministry to suspend, temporarily, pending special orders, the reduction of the armed forces planned for 1961.

"In view of the growing military budgets in the NATO countries, the Soviet government has passed a decision to increase defense spendings in the current year by 3.144 billion rubles . . . raising the total . . . in 1961 to 12.399 billion rubles."

The figures cited by Khrushchev were, at official rates, equivalent to an increase of $3.493 billion to a total of $13.776 billion in planned 1961 defense expenditures. They were not believed to include vast additional outlays for rocket research, defense industries and other military-connected matters. The USSR had announced plans in 1960 for a reduction of its military manpower from 3,623,000 to 2,423,000 by 1967. It was not known how many men already had been demobilized under the program. [See Vol. XX, p. 17B1]

Khrushchev's address recited the history of Soviet-bloc proposals for the demilitarization of central Europe and for settlement of the Berlin and German questions. It declared, however, that "replying to our . . . most natural proposals for the conclusion of a peace treaty [with Germany], the West begins to count divisions" and "Chancellor Adenauer is shouting himself hoarse for nuclear weapons." It reiterated: "We propose the convocation of a peace conference and we shall go there with our draft treaty. Let the Western powers make their proposals, submit their draft for a peace settlement." The USSR had proposed a free city status for West Berlin that would be guaranteed by the Big 4 powers, neutrals, or the UN; "if the Western powers have a better version of guarantees, let them propose it."

Khrushchev warned that the USSR would not permit the solution of the Berlin and German questions "being dragged out for many more years." He repeated that if the West failed to respond to his call for an international German peace conference, the USSR would proceed to sign a separate peace treaty with East Germany and would relinquish to that country all Soviet rights and obligations relating to Berlin and access to that city. He declared that Soviet forces were prepared "to rebuff the aggressive forces if they decided to frustrate peaceful settlement by force of arms." "They possess the necessary quantities of thermonuclear weapons, the . . . means of delivering them—close combat, intermediate and intercontinental missiles. . . . If the imperialists unlease a war it will end with imperialism's complete debacle and ruin."

(11 new Soviet combat aircraft of advanced designs were displayed publicly for the first time July 9 at a 2-hour air show staged at Tushino Airfield, near Moscow, to mark the USSR's Aviation Day. The aerial display was watched by Khrushchev, Chief Soviet Air Marshal Konstantin A. Vershinin, Defense Min. Rodion Y. Malinovsky, Western diplomats and newsmen and a large public audience. It included 3 or 4 new delta-wing jet fighters, one with a rocket booster, a 4-jet delta-wing bomber that appeared to be larger than the U.S.' B-58 Convair Hustler, and several military helicopters capable of carrying tanks and apparently larger than any similar machines in use by the U.S. It was the first Soviet air show held since 1956.)

U.S. Arms Review Ordered. A general review of U.S. military strength and planned defense expenditures was ordered by Pres. Kennedy July 8 at a Hyannis Port, Mass. meeting with his 3 principal advisers on military and foreign policy.

The study was ordered to determine if current U.S. defense forces and expenditures were adequate in view of the continued crisis over Berlin and Premier Khrushchev's announcement, earlier that day, of the USSR's plans to reinforce its armed services.

The decision was made by Pres. Kennedy while he cruised off Hyannis Port with State Secy. Rusk, Defense Secy. Robert S. McNamara, and Gen. Maxwell D. Taylor, Presidential Military Representative. It was disclosed by Deputy Defense Secy. Roswell L. Gilpatric in testimony before the Senate Defense Appropriations Subcommittee July 10 and made the subject of a formal statement issued later the same day by McNamara.

McNamara's statement said: "The simplest precaution calls for still another examination of our defense posture." "Currently we are strong—if not stronger—than any potential aggressor. But in the face of the inescapable realities that confront us, such as threats to dispossess us of our rightful presence in Berlin, we can do no less than re-examine our needs. This we are doing." The USSR's decision to increase its defense budget and to cancel scheduled troop cuts was not justified by prior Western military moves; "nothing that has developed in the United States or the free world calls for increased militarism." The U.S.' recent decisions to increase its defense spending and strength were "inescapable in the face of the aggressive atmosphere in the East and nearer at home."

Gilpatric disclosed to a Washington news conference July 11 that, under the arms review order, the Defense Department had begun the study of a possible mobilization of some Na-

Week in Headlines

Premier Khrushchev canceled planned troop cuts, ordered 25% increase in USSR arms spending as result of Berlin crisis; Pres. Kennedy ordered review of U.S. strength to meet Soviet move.

Khrushchev warned USSR would oppose with force UN actions detrimental to Soviet security; Hammarskjöld disclosed reform plan.

USSR vetoed UN Security Council resolution on Kuwait.

Pres. Kennedy launched drive to win public, Congressional approval for foreign aid program.

New Haven RR filed bankruptcy.

80-day T-H injunction issued against maritime strike.

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tional Guard and Army reserve units. Gilpatric said that the manpower buildup was being considered in order to compensate for past increases in the strength of U.S. nuclear forces. He expressed doubt that the Administration would call for an increase in manned bomber production within the context of the Berlin situation.

(Gilpatric also revealed that the armed services had agreed on establishment of a joint intelligence agency but that this was unrelated to the Administration's current study of Central Intelligence Agency operations. He added that defense officials and military leaders had been ordered to submit all public statements not relating to their specific assignments to the policy guidance of Assistant Defense Secy. [Public Affairs] Arthur Sylvester.)

(Washington sources reported July 12 that Gen. Curtis E. LeMay, Air Force Chief of Staff, was planning to appeal to Congress to increase funds for development of the B-70 high-altitude jet bomber and to urge the Administration to cancel the planned 1962 cutoff in production of B-52 and B-58 bombers.)

(AP dispatches from Washington reported July 6 that the FBI had ended its investigation of the alleged "leak" to Newsweek magazine of Pentagon military plans on Berlin. The N.Y. Herald Tribune reported the same day that the probe had been ordered not to trace the leak but to emphasize the credibility of the Newsweek report that the U.S. was studying major military moves to deal with the Berlin crisis.)

Rusk Urges Freedom Movement. State Secy. Rusk called July 10 for a huge coalition of the Western and uncommitted nations to oppose the spread of Communist "coercion" to new areas of the world. He said that the USSR already had laid the basis for such a movement by its alienation of all men who sought freedom.

Addressing the National Press Club in Washington, Rusk declared: "The central issue of the crisis is the announced [Soviet] determination to impose a world of coercion upon those not already subjected to it. If this seems exaggerated simplicity, let us not be misled by our own reluctance to believe what they say, for on this point they have proved that they mean it. At stake is the survival and growth of the world of free choice and of the free cooperation pledged in the [UN] Charter. There is no 'troika' on this issue—it is posed between the Sino-Soviet empire and all the rest, whether allied or neutral; and it is now posed in every continent."

Rusk asserted that the basis for a coalition of diverse nations opposed to coercion could be found in the UN and in the national and political revolutions sweeping the world. He said: "We speak of uncommitted nations . . . But all nations have commitments arising out of their own interests and . . . hopes for the future. In the United Nations, commitments to the Charter can weave the fabric of common interest which, by reaching beyond the cold war, may determine its outcome." ". . . The Western world must recapture the leadership of its own revolution of political freedom. It is a revolution which the West itself has taken into every continent and which continues to stir men to action. . . . We dare not yield its leadership to those who would seize it . . . and use it to destroy us."

Kuwait

USSR Vetoes UN Action. The Soviet Union cast its 95th veto in the UN Security Council July 7 to prevent adoption of a British-sponsored resolution calling for international recognition of Kuwait's independence and territorial integrity.

The Soviet veto was cast after 5 days of Council debate (July 2-3, 5-7) on Iraq's June 25 claim to the territory of Kuwait and on the subsequent landing of British troops in the sheikdom. [See p. 238D2]

Major Security Council developments:

The UAR joined the USSR July 5 in demanding the immediate withdrawal of British forces from Kuwait. UAR Rep.-to-UN Omar Loutfi urged that the Kuwait dispute be settled "in the Arab League by the Arabs themselves." He opposed Iraq's attempt to annex Kuwait but he denounced Britain's dispatch of troops as likely to "increase tensions" in the Middle East. Soviet Rep.-to-UN Valerian A. Zorin declared that Britain had acted from colonialist motives in sending troops to Kuwait and must be made to recall them. Iraqi delegate Adnan N. Pachachi denounced the British move as "gunboat diplomacy" and denied that Iraq intended to press its claim with military action.

The British resolution was represented to the Council July 6 by Sir Patrick Dean, who pledged that British troops "will vanish from Kuwait as swiftly and as effectively as they arrived" if Iraq renounced its threat to Kuwait. The British resolution called for mediation of the Iraqi-Kuwait dispute by the Arab League. It provided for continuing Security Council review of the dispute until its settlement. Britain's charge that Iraq had begun a military buildup on the Kuwait border was supported by Abdul Aziz Hussein, Kuwait UN observer.

Britain's resolution was put to a vote July 7. It was supported by 7 Security Council states (3 abstentions: Ecuador, Ceylon, UAR) but was defeated by the veto cast by Zorin of the USSR. A rival resolution calling for the immediate withdrawal of British troops from Kuwait was presented by the UAR with the support of Iraq and the USSR but won the votes of only those 3 countries; all other Council members abstained.

Iraqi Threat Recedes. Air Marshal Sir Charles Elworthy, British commander in the Middle East, told newsmen in Bahrein July 6 that he doubted Iraqi military forces would be ordered into Kuwait in the face of British troops landed there. The British Foreign Office said the same day that Britain's military buildup in Kuwait, said to total 4,000 ground troops and additional air and naval support forces, was "virtually completed." Sir William Luce, British political resident in the Persian Gulf, had warned July 5 that "as long as [Iraqi Premier] Kassem does not withdraw his claim to Kuwaiti territory, some sort of force will have to stay in Kuwait."

Iraqi Premier Kassem carried out an aerial inspection of the Iraq-Kuwait border July 5 and told Arab newsmen in Baghdad July 7 that Iraq had "never said we intended to attack anyone." He said: "We simply outlined our rights and we . . . shall pursue them by peaceful means. . . . We do not demand the annexation of Kuwait . . . because Kuwait is an integral part of Iraq."

Sheik Abdullah of Kuwait said July 7 that he saw no reason for Kuwait to open negotiations with Iraq on a settlement of the dispute. He added: "Kuwait is an independent nation and we are not prepared to entertain any claim. So long as Iraq does not recognize our independence the fault is not ours but hers."

(The Italian state fuel monopoly, Ente Nazionale Idrocarburi [ENI], confirmed July 7 in Rome that Iraq had asked if ENI could supply enough technicians to replace all foreign personnel employed by the Iraq Petroleum Co. The IPC, owned by a consortium of British, U.S., French and Dutch firms, had been engaged in lengthy negotiations with Iraq on demands for Arabization of the IPC and increasing Iraq's participation in IPC financing and profits. Iraqi Oil Min. Mohammed Hassan denied July 10 that Iraq intended to nationalize the IPC or other firms.)

(In a major revision of the Iraqi cabinet, reported May 13 by Baghdad radio, Justice Min. Mustafa Ali and Municipalities Min. Sayed Abbas al-Badawi resigned for health reasons and Guidance Min. Faisal al-Samer was transferred to a post in the Foreign Ministry.)

(UPI reported from Cairo Mar. 30 that an estimated 25 persons had been killed and 300 arrested during 4 days of rioting by Communist and Nationalist mobs in Baghdad and other major Iraqi cities. The unrest, reportedly provoked by a taxi strike, was suppressed by the army. At least 7 persons had been reported killed and 100 injured in tribal clashes Mar. 12 in Kirkuk, northern Iraq.) [See Vol. XX, p. 167E3]

United Nations

Hammarskjöld Reform Plan. UN Secy. Gen. Hammarskjöld proposed in a report made public July 3 that the UN Secretariat's professional staff be reorganized to give greater operating efficiency and to reflect more accurate-

FACTS ON FILE is published weekly by Facts on File, Inc., 119 W. 57th St., New York 19, N. Y. (COlumbus 5-2011-2). Entered as 2d class matter June 24, 1941 at the Post Office in New York, N. Y., under the Act of March 3, 1879. Subscription $95 a year; Yearbooks (bound volumes) from 1945—$25 each. Cumulative Index published twice a month. Copyright 1961 by Facts on File, Inc. Edw. Van Westerborg, President & Treasurer; Lester A. Sobel, Secretary & Editor; Bernard Messinger, Business Manager.

ly the changed geographic distribution of UN membership.

(Current UN criteria for the distribution of the 1,300 UN professional posts largely were based on member states' shares in the UN budget. These in turn were determined by a formula based on each state's national income; the U.S.' assessment currently was 32.5% of the UN budget, the USSR's 13.5%.)

The Hammarskjöld report rejected Soviet demands for a political redistribution of all UN Secetariat posts to give parity to the Western, Soviet and neutralist blocs of nations. It partly accepted the reorganization plan suggested by an 8-member UN experts panel in a report published June 21. But it specifically refused suggestions by the UAR, Ghanaian and Indian members of the panel that he share his political responsibilities with 3 deputy secretaries general representing the 3 power blocs. It said that the neutralist proposal would conflict with UN Charter provisions giving the secretary general "exclusive responsibility" for implementing UN decisions.

Hammarskjöld proposed: an increase from 13 to 14 in the number of UN under secretaries, 5 of them to serve as "political" assistant secretaries, the remainder as "administrative" under secretaries; the 5 "political" assistant secretaries would serve 3-to-5 year terms and would be divided among the U.S., USSR and 3 uncommitted countries (the U.S. presumably would retain the post of assistant secretary for General Assembly affairs, and the USSR the post of assistant secretary for political and Security Council affairs); one of the administrative under secretaries would serve as "chef de cabinet" to Hammarskjöld, replacing the post of executive assistant, and another would have charge of UN personnel, budgetary and financial matters.

(Hammarskjöld's executive assistant, Andrew W. Cordier, 60, of the U.S. had resigned June 26 [effective Aug. 1] to facilitate the planned reorganization of the Secretariat leadership. Cordier had served in the same post, equivalent in rank to UN under secretary, under ex-Secy. Gen. Trygve Lie. Cordier was to serve temporarily as under secretary for General Assembly affairs. UN Under Secy. (Political Affairs) Chakravarthi V. Narasimhan of India was named to assume Cordier's duties as "chef de cabinet" to Hammarskjöld. Narasimhan, who was to retain his current title, had warned in a New York speech May 24 that it was in the interests of all UN states, large and small, to reject Soviet demands for revision of the UN executive and to retain a "strong, independent" secretary general.)

(Hammarskjöld, commenting to newsmen May 29 on the Soviet boycott of his office begun Feb. 14, made light of its effects and said that his work had gone on in "very much the same way" as before the Soviet action. He expressed concern, however, that the UN's functioning was being harmed by the lack of balance between the veto-wielding great powers and the numerically superior small states.)

Experts' Report. A panel of 8 prominent UN delegates and experts recommended in a report published June 21 that the distribution of UN Secretariat posts be revised to end a "geographic inequality" with respect to the current distribution of UN member states.

The panel conceded, however, that it was unable to come to agreement on proposals advanced by the USSR and other states for a basic change in the structure of the UN executive—particularly the demand for replacement of Secy. Gen. Hammarskjöld by a 3-member executive board.

Members of the panel: Francisco Urrutia Holguin of Colombia, rapporteur, Omar Loutfi of the UAR, Alex Quaison-Sackey of Ghana, Leland M. Goodrich of the U.S., Sir Harold Parker of Britain, Cadambicad S. Venkatacher of India, Aleksei A. Roschin of the USSR, Guillaume Georges-Picot of France.

The report urged adoption of a new system for the allocation of UN professional posts by quotas based both on each country's population and its contribution to the UN budget. The new formula would provide the following staff quotas (current quotas in parentheses): U.S.—366 (362-483, 357 currently filled); USSR & Soviet bloc—252 (214-305, 87 currently filled); Asia & Far East—273 (215); Africa—approximately 100 (49). The Latin American and Middle Eastern quotas would remain virtually unchanged. The report suggested that the Soviet bloc be awarded 100 of the 400 UN posts expected to fall vacant by 1962.

The report incorporated recommendations for an administrative revision of the UN executive produced by an advisory panel of former General Assembly presidents—Lester B. Pearson of Canada, Victor A. Belaunde of Peru, and Prince Wan Waithayakon of Thailand. The 3 advisors urged the appointment of 3 to 5 new under secretaries to deal with special political affairs and assist Hammarskjöld in political matters. They rejected the Soviet plan for a 3-member UN executive and the UAR-Ghana-India compromise that would have the new under secretaries share Hammarskjöld's political responsibility rather than assist him.

A dissenting report was filed for the USSR June 21 by Roschin.

Khrushchev Warning. Soviet Premier Khrushchev warned July 11 that the USSR would use force to prevent enforcement of any UN decision considered detrimental to Soviet security.

Addressing a Moscow luncheon for visiting Ghanaian Pres. Kwame Nkrumah, Khrushchev denounced UN resistance to the USSR's demand for a 3-member executive representing the Soviet, Western and neutral blocs. He said: "The imperialist powers wish to preserve their rule in the United Nations." "But it is perfectly obvious that the domination of this or that group of states . . . prevents the organization from fulfilling its functions." "For instance, even if all the countries of the world adopted a decision that did not accord with the interests of the Soviet Union and threatened its security, the Soviet Union would not recognize this decision but would uphold its rights, relying on force."

Khrushchev added: "How can it be expected that the Socialist countries —whose populations now exceed 1 billion . . . which have justice and force on their side—should meekly submit to the will of the imperialist powers and vote for their candidates in the United Nations." [See pp. 181F3-182A2, 50E3, 37G1; Vol. XX, 327C1]

UN Czech Ousted as Spy. Miroslav Nacvalac, 39, counselor and 3d-ranking member of the Czech mission to the UN, was ordered ousted by the U.S. June 15 on grounds that he had committed espionage. Nacvalac denied the U.S. charges but left by air for Prague June 22.

The order for Nacvalac's expulsion was first disclosed June 16, when the Czech mission returned the U.S. note as unacceptable and charged that the order resulted from Nacvalac's rejection of efforts to make him spy for the U.S. Nacvalac, meeting with newsmen at UN headquarters June 16, said that the expulsion order had been delivered after U.S. agents had interrupted him at lunch in a New York restaurant and had tried for 2 hours to persuade and threaten him into becoming a spy for the U.S. He said the agents were accompanied by a man named "Tisler," presumably ex-Lt. Col. Frantisek Tisler, who had defected from a Czech Embassy post in Washington. A Czech note to the UN protested June 16 against alleged U.S. harassment of its diplomats.

A U.S. statement issued later June 16 specifically charged Nacvalac with espionage and said that no action had been taken against him because he had shown an interest in defecting from his post. The U.S. said that the N.Y. restaurant meeting with U.S. agents had been arranged by Nacvalac to discuss defection.

A Czech note to the UN June 19 repeated the rejection of the U.S. charged against Nacvalac and said that Czechoslovakia might demand international arbitration of the case under the 1947 U.S.-UN headquarters agreement.

A U.S. note transmitted to UN Secy. Gen. Hammarskjöld June 20 charged that Nacvalac had been the chief of all Czech espionage in the U.S. and had paid Karel Hlasny, a Czech emigré and instructor in the Army Language School in Monterey, Calif. $1,700 for ostensibly classified U.S. government information. A new U.S. note delivered to the Czech UN mission June 21 revoked Nacvalac's diplomatic status and said that unless he left he would be "removed" as an "alien illegally in the United States."

Nacvalac, his wife and 2 sons, left New York for Paris June 22. [See p. 121F2; Vol. XIX, 364G3]

(The defection to the West of a chief of the Polish intelligence service was reported by Polish emigré sources in London May 24. The man was identified May 28 by the London Daily

Mail as Col. Antoni Alster, 54, deputy interior minister. British and U.S. officials refused comment on the reports.) [See Vol. XIX, p. 386B1]

NATIONAL AFFAIRS

The President

Foreign Aid Drive Launched. Pres. Kennedy said July 10 that he would rather have the U.S. provide food, defense support and long-term economic loans than "have to send American boys" to help foreign countries maintain their security. His foreign aid program, he said, meant that "we will say to a country that if you will do 'one, 2, 3' on taxes and land reform and capital investment," then the U.S., along with Western European countries, "will be prepared to meet their responsibilities over a longer period."

The President's remarks were made at a White House ceremony launching the Citizens Committee for International Development, a volunteer group formed to win public and Congressional approval of his foreign aid program. The panel, headed by Warren Lee Pierson, Trans World Airlines board chairman, planned to establish regional and local committees in an attempt to rally such support.

The panel's executive committee members were: ex-Amb.-to-Denmark Eugenie Anderson; Colgate University Pres. Dr. Everett N. Case; O. Roy Chalk, Washington, D.C. Transit System, Inc. president; Malcolm S. Forbes, editor and publisher of Forbes magazine; Eleanor Clark French of New York; Albert M. Greenfield, Bankers Security Corp. (Philadelphia) honorary chairman; American National Red Cross Pres. Alfred M. Gruenther; Murray D. Lincoln, Nation-Wide Insurance Co. (Columbus, O.) chairman; Xerox Corp. (Rochester, N.Y.) chrmn. Sol. M. Linowitz.

Prior to the formal launching of the committee, Pres. Kennedy had held a White House luncheon June 30 at which International Business Machines Corp. Pres. Thomas J. Watson Jr., Columbia Broadcasting System Board Chrmn. William S. Paley and Charles P. Taft of Cincinnati, were named as the committee's vice chairmen.

Attending the luncheon were American Machine & Foundry Co. Pres. Carter L. Burgess; Merck & Co. Pres. John T. Connor; John F. Gallagher, vice president, foreign operations, Sears, Roebuck & Co.; Rockefeller Foundation Pres. J. George Harrar; Ford Foundation Pres. Henry T. Heald; Deere & Co. Pres. William A. Hewitt; Don Petrie of Hertz Corp.; Allied Chemical International Pres. William H. Winfield; Walter Wriston, First National City Bank (N.Y.) executive vice president.

Rep. Thomas M. Pelly (R., Wash.) disclosed July 9 that he was one of 83 House members who had signed a letter to House Foreign Affairs Committee Chrmn. Thomas E. Morgan (D., Pa.) protesting the President's proposal to borrow $7.3 billion from the Treasury over the next 5 years to finance long-term foreign-aid development loans (described by Pres. Kennedy as the "very heart" of his foreign aid program). Pelly said the letter warned that "many of us will vote against any legislation which provides for financing outside of the regular appropriations process."

(A petition backing the President's proposal to commit foreign development funds for 5 years was sent to Congress July 10 by a majority of 315 delegates from 43 nations who were attending Colgate University's 12th annual Foreign Policy Conference in Hamilton, N.Y. The petition was in response to a telegram from Pres. Kennedy appealing for such support.) [See p. 224B-G2]

New Haven RR Bankruptcy. A petition by the New York, New Haven and Hartford Railroad for reorganization under the Federal Bankruptcy Act was accepted by U.S. Judge Robert P. Anderson in New Haven, Conn. July 7.

The Georgia and Florida Railroad, in receivership since 1929, was the only other of 108 U.S. Class 1 railroads (over $3 million annual volume business) operating in bankruptcy.

The bankruptcy action was taken the day after Presidential Press Secy. Pierre Salinger had announced the rejection by the Office of Civil and Defense Mobilization of a New Haven request for a $5,500,000 loan under the Defense Production Act. Application for the OCDM loan had been made by the railroad on recommendation of the Interstate Commerce Commission after the ICC had informed Pres. Kennedy that no further large sums could be made available through the 1958 Transportation Act. An appeal to Pres. Kennedy to back the loan had been made June 28 by Govs. Nelson A. Rockefeller (N.Y.), John Dempsey (Conn.), John A. Volpe (Mass.) and John A. Notte Jr. (R.I.) in a letter from the Governors' convention in Honolulu.

In a statement released after filing of the bankruptcy petition, New Haven RR Pres. George Alpert blamed the line's plight on "huge" passenger deficits which were not being absorbed by declining freight earnings. Much of the line's freight traffic, he said, had been diverted to the highways.

The New Haven, with a weekly payroll of $1,500,000 (12,000 employes), had a net operating loss of about $11 million in the first 6 months of 1961; a railway operating loss on its passenger train operations of $13,257,653 in 1960, when gross income had totaled $59 million. According to its bankruptcy petition, the line lacked $24 million of $33,480,000 worth of obligations due between July 1, 1961 and Jan. 1, 1962. Alpert said it had $4.3 million currently available. It also owed $35,523,440 of $39,159,400 in U.S.-guaranteed commercial bank loans it had borrowed since 1955 ($13 million in the last 12 months).

The ICC, in an interim report (issued Apr. 3) of its investigation into the New Haven's plight, had opposed its bankruptcy and reorganization on the grounds that its financial troubles would not be solved by such action. The ICC had also opposed as unrealistic, according to the Wall Street Journal Jan. 30, a plan whereby the 4 states involved, New York City and Westchester County were to undertake a 4-year $54.8 million emergency relief program for the New Haven.

The states' approval of the plan, however, was announced Feb. 21 and by May 15 all had enacted tax relief programs for the New Haven. At the time of the bankruptcy filing, however, the states' relief plan reportedly was far short of the $14 million saving intended for 1961. [See Vol. XX, p. 382B-F1]

Business Council. The Business Advisory Council ended its semi-official affiliation with the Commerce Department July 10 and changed its name to the Business Council. Chrmn. Roger M. Blough, U.S. Steel Corp. chairman, announced the action following a meeting with 82 members in New York. Blough said the Business Council would offer its services to any U.S. agency which sought them.

The changes resulted from a dispute with Commerce Secy. Luther H. Hodges over the BAC's methods of operation. In a meeting with the BAC Apr. 4, Hodges had requested the BAC to allow reporters to cover its meetings when U.S. officials were to speak. He also had asked for more representation for small business and had ended BAC's practice of paying hotel and travel costs of U.S. officials invited to its meetings.

Blough announced July 6 after a meeting with Pres. Kennedy that the President had welcomed a proposal to "broaden the base of its [the BAC's] advisory services." The next day Acting Commerce Secy. Edward Gudeman discussed the matter with the President and Hodges and then sent letters to Blough's group to request the name-change if they disaffiliated with the Commerce Department. The letter said the department planned to continue the BAC. [See Vol. XVII, p. 346F2]

Peace Corps Project. The Peace Corps announced June 24 that it would send 12 volunteers to the West Indies Federation island of St. Lucia to work with the government and the Heifer Project, Inc. to try to improve animal husbandry, develop feed mills, increase vegetable production and aid public health, vocational and home economics programs. [See p. 184F3]

Food for Peace Role. The relationship of the Food for Peace program to the U.S.' foreign policy was discussed by Pres. Kennedy and others at the American Food for Peace Council's first national conference in Washington June 28.

The President appealed for support of the Food for Peace program and asserted it was "not an element of the cold war—not an arm of the [U.S.'] foreign policy." Chrmn. Allen J. Ellender (D., La.) of the Senate Agriculture Committee, however, advocated use of farm surpluses "to supplant in a large measure some of the dollar aid we now provide" to underdeveloped countries. Agriculture Secy. Orville L. Freeman and Chrmn. Harold D. Cooley of the House Agriculture Committee spoke in support of the program,

State Undersecy. Chester Bowles warned the conference June 28 that "the most dangerous and explosive single statistic . . . that we face today" was "in Communist China, where there is less than 2 arable acres for every rural family. . . ." [See pp. 209A1, 203E-F1]

Congress

Delaware River Compact. The House June 29 passed by voice vote and sent to the Senate an amended bill to approve U.S. participation in an interstate-federal compact to establish a commission to develop the water resources of the Delaware River Basin. Other compact members were Delaware, New Jersey, New York and Pennsylvania.

Included in the bill was an amendment, sponsored by its floor manager, Rep. Francis E. Walter (D., Pa.), that listed 21 conditions governing the U.S.' participation. The House had rejected Rep. William C. Cramer's (R., Fla.) proposals designed (a) to limit the U.S.' role to a non-voting representative whose actions would not be binding on U.S. agencies, and (b) to exclude the U.S. from financial responsibilities imposed by the commission.

Interior Secy. Stewart L. Udall, after meeting Apr. 13 with the 4 governors involved, had opposed U.S. partnership in the compact unless "the exact role" of the U.S.-state relationship were resolved. [See pp. 74E3]

CAB, FTC Reorganization. The Administration's reorganization plans for the Civil Aeronautics Board and the Federal Trade Commission were approved by the Senate June 29 and went into effect for the CAB July 3 and for the FTC July 9.

The CAB plan was approved by a vote of 37-33 and the FTC plan by 47-31; no Republicans voted for either proposal. Rejection of both plans had been recommended by 5-4 votes of the Senate Government Operations Committee June 28 with Committee Chrmn. John L. McClellan (D., Ark.) and Sens. Sam J. Ervin Jr. (D., N.C.), Jacob K. Javits (R., N.Y.), Carl T. Curtis (R., Neb.) and Karl E. Mundt (R., S.D.) voting against their adoption. The committee's reports opposed giving the agencies' chairmen "undue power." [See p. 233B-F1]

U.S. Travel Service. A bill (S610) to establish in the Commerce Department a U.S. Travel Service to promote foreign tourism in the U.S. was passed by voice votes of the House June 19 and of the Senate June 21 and was signed by Pres. Kennedy June 29. The bill authorized the service to operate branch offices in foreign countries and established the post of Travel Service director ($19,000 annual salary) under the Commerce Secretary. [See p. 205C1]

Veterans' Home Loans. Pres. Kennedy July 7 signed a bill (HR5723) authorizing $1.2 billion for direct loans in rural and small-town areas for World War II and Korean War veterans. The bill raised from $13,500 to $15,000 the maximum individual loan allowed. [See pp. 241G2, 151E-G3]

Water Pollution. The Senate June 22 passed by voice vote and sent to conference an amended bill (HR6441) to authorize $440 million in grants to the states to help communities build sewage treatment plants. The Senate added to the House version a provision to allow use of uncommitted funds for anti-pollution projects necessitated by federal activities. [See p. 165F3]

School Milk Program. A bill (S146) authorizing the use of $105 million of CCC funds for the school milk program in fiscal 1962 was passed by the Senate June 21 and House June 26 and was signed by the President June 30. [See p. 44C1]

Wilson Heads House GOP. Rep. Bob Wilson (R., Calif.), a close associate of former Vice Pres. Richard M. Nixon, was elected chairman of the National Republican Congressional Committee June 29. [See p. 218C1]

Drug Price Report. U.S. prescription drug prices were described as "unreasonable" compared with industry costs and profits and prices charged for U.S. drugs sold overseas in a report issued June 27 by Chrmn. Estes Kefauver (D., Tenn.) of the Senate Judiciary, Antitrust and Monopoly Subcommittee.

The report, based on the subcommittee's 1960 probe, blamed the high prices on the large firms' control of the drug market through the use of patents, trade names and sales specialization with a resultant high cost of advertising and drug promotion. It criticized the practice, required in many states, under which a pharmacist filled prescriptions according to brands ordered by a doctor.

The report was signed by Sens. John A. Carroll (D., Colo.), Philip A. Hart (D., Mich) and Thomas J. Dodd (D., Conn.). Sens. Everett McKinley Dirksen (R., Ill.) and Roman L. Hruska (R., Neb.) issued minority views scoring the report as a "monstrosity."

(Dr. Austin Smith, president of the Pharmaceutical Manufacturers Association, June 28 called the report an "unjustified attack" on the drug industry.)

(Kefauver's proposed bill to reduce ethical drug prices was the subject of hearings by his subcommittee July 5-7 at which spokesmen for the American Medical Association and the U.S. Chamber of Commerce registered their disapproval of it. Dr. Hugh H. Hussey Jr., chairman of the AMA's board of trustees, July 6 defended the AMA's objectivity against Kefauver's charge that the AMA Journal was "getting more revenue out of pharmaceutical manufacturers than . . . from your membership.") [See Vol. XX, p. 470C3]

Labor

Maritime Injunction Extended. An 80-day injunction against continuance of the U.S. maritime strike was issued by U.S. Judge Sylvester J. Ryan in New York July 10.

Ryan, who previously had extended his temporary injunction from July 8 to complete his study of the issues, held July 10 that the pending strike was "a peril" to the U.S.' "health and safety" and ordered continued bargaining between the unions and 6 company groups involved. The ban was necessary, he said, since the strike would adversely affect the U.S.' foreign aid program and its defenses, especially in Hawaii. He said that 532 ships of the U.S.-flag fleet would have been involved if the dispute continued. Only 99 of the total 941 U.S. merchant ships had not been involved in the strike.

His ruling rejected claims by the Masters, Mates and Pilots and the Marine Engineers' Beneficial Association that the Taft-Hartley Act, under which the 80-day cooling-off period was enjoined, did not apply to them since they were supervisory personnel and not employes.

Major contracts still unsigned in the dispute involved (a) the mates and engineers and the Tanker Labor Service Committee, representing 135 tankers, (b) the engineers and the American Merchant Marine Institute, (c) the mates and the Pacific Maritime Association. [See p. 241B1-B2]

Area Unemployment Decline. The number of major U.S. industrial areas with "substantial unemployment" (6% or more of the labor force idle) decreased from a record high of 101 in March and April to 96 in May and to 88 in June, the Labor Department reported June 29.

Major areas removed from the "substantial" jobless list: Chicago; Cincinnati; Wilmington, Del.; Grand Rapids, Kalamazoo, Lansing, Mich.; Dayton, O.; Kenosha, Racine, Wis. One area, Reading, Pa., was added to the list. 5 areas that were dropped from the "substantial" to the "moderate" unemployment list (3%-5.9% idle) the previous month, reported May 31, were San Francisco-Oakland, Calif.; New Haven, Conn.; Fort Wayne, Indianapolis, Ind.; Steubenville, O.-Weirton, W. Va. [See pp. 156G2, 65F-G3]

Civil Rights

Vote Suits. The Justice Department sued in U.S. district court in Mississippi July 6 to ban discrimination against prospective Negro voters in Clarke and Forrest counties.

In the Clarke suit, filed in Meridian, the department charged that none of 2,988 Negro residents were registered as voters while a substantial majority of 6,072 white persons of voting age were registered.

Only 25 of 7,495 Forrest County Negroes were registered, the department said, compared to the registration of a majority of the county's 22,431 eligible white citizens. The Forrest suit was filed in Hattiesburg.

A suit to ban discrimination against eligible Negro voters in Ouachita Parish, La. was filed by the Justice Department in U.S. district court in Monroe July 11. The suit accused the parish's Citizens' Council and voting registrar Mrs. Mae Lucky with purging 4,775 of 16,377 eligible Negroes from voter registration rolls since Jan. 1956.

The Justice Department's first suit under the Kennedy Administration to ban discrimination against Negro voters had been filed with U.S. Judge Daniel H. Thomas in Mobile, Ala. Apr. 13 against the Dallas County Board of Registrars and Alabama state. The suit also sought to gain U.S. inspection of the parish's voter records.

A suit seeking to bar segregation from voting lists and polling places was filed in U.S. district court in Albany, Ga. June 19 by 5 Negroes. [See p. 157F1-A2]

Minnesota Investigates. Minnesota Gov. Elmer L. Anderson announced July 3 that he had ordered the state's Human Rights Commission to take "a first-hand look" at the imprisonment of 6 Minnesotan Freedom Riders in Jackson, Miss. Commission Chrmn. Mrs. Wright Brooks and Asst. Atty. Gen. John Casey Jr. interviewed the 6 at Parchman (Miss.) State Penitentiary July 6 and reported the next day in St. Paul, Minn. that they had found the riders had not been mistreated.

3 white and 2 Negro Freedom Riders were arrested on breach of peace charges when they sought to enter the Jackson bus terminal's "white" waiting-room July 2 after a ride from Montgomery, Ala.; 8 more riders from Montgomery, 4 Negroes and 4 whites, were arrested on similar charges July 7 (3 of these were turned over to juvenile authorities, the rest were convicted, by City Judge James Spencer, July 10); 17 more were arrested July 9—8 Negroes and one Negro at the Trailways terminal ride from New Orleans, 7 whites and one Negroe at the Trailways terminal after a ride from Montgomery. (216 Freedom Riders had been arrested in Jackson since May 24.)

(U.S. District Judge Sidney Mize said July 3 that the Mississippi Freedom Rider arrests had prevented more racial violence. Mize's remark was contained in a written opinion that rejected a writ of habeas corpus for arrested Freedom Rider Elizabeth Wyckoff of New York on the ground that her case was under "commitment of the state court.") [See p. 234B-D3]

Other U.S. News

Governors' Conference. The 53rd annual Governors' Conference was held in Honolulu, Hawaii June 25-28 under the chairmanship of Colorado Gov. Stephen L. R. McNichols (D.). N.H. Gov. Wesley Powell (R.) was elected June 28 to succeed McNichols as conference chairman. The election of N.Y. Gov. Nelson A. Rockefeller (R.) to the chairmanship reportedly had been opposed by Democratic governors for fear it would increase his political stature.

Resolutions on foreign policy, civil rights and school aid were approved by the conference June 28. The foreign policy resolution, drafted by Rockefeller, McNichols and Pa. Gov. David L. Lawrence (D.), backed "any necessary [Presidential] action" to preserve American aims "at home and abroad." It called for "tough and imaginative action . . . to stop the accelerated Communist drive for world domination. . . ."

Govs. Ernest Vandiver (D., Ga.) and Price Daniel (D., Tex.) sponsored the compromise civil rights resolution adopted June 28. It was hailed by Rockefeller as a "tremendous step forward" because it was, he said, the first time a governors' conference had taken up civil rights, "the most fundamental moral issue of our day." The resolution urged the "vigilant protection of individual rights and personal liberties."

A resolution requesting U.S. aid for school construction and loans for higher education was passed June 28 by a 35-12 vote. It did not mention U.S. aid for teachers' salaries, but a proposed amendment opposing such aid was defeated by a 24-23 vote.

The Governors' Civil Defense Committee, headed by Rockefeller, reported to the conference its recommendations that (1) civil defense should remain under civilian authority on the federal, state and local levels, (2) income tax deductions should be allowed for the cost of private fallout shelters, (3) shelters should be made mandatory in public buildings and key areas, (4) emergency foods and medicines should be stockpiled.

The suppression of several resolutions critical of Administration policies was credited to the new Democratic national chairman, John M. Bailey. Bailey, 56, who had been named chairman Jan. 21 to succeed Sen. Henry M. Jackson (D., Wash.), was also reported June 28 to have been instrumental, along with N.J. Gov. Robert B. Meyner, in preventing Rockefeller's election as conference chairman.

Agreement by the 16 GOP governors to establish a GOP Governors' Caucus to meet regularly and to comment on major domestic and foreign policy issues was reported June 30. [See Vol. XX, p. 220C1-G2]

(Vice Pres. Lyndon B. Johnson delivered the keynote address to the conference June 27 in place of Pres. Kennedy, who had canceled his scheduled appearance.) [See p. 238A1]

Plea vs. 'Extra Buck.' Atty. Gen. Robert F. Kennedy urged the U.S. public June 14 to forsake its preoccupation with trying to make "an extra buck" and concentrate its interests in the fight against organized crime, juvenile delinquency and antitrust and civil rights violations. Kennedy made the plea at a meeting of the National Association of Attorneys General in New York. [See p. 177D3]

CP Registration Stayed. The order to the U.S. Communist Party to register with the U.S. by Aug. 9 was stayed by Supreme Court Justice Felix Frankfurter June 23 pending a petition for a rehearing. CP General Secy. Gus Hall said in a news conference in New York June 8 that the party would not submit its membership lists nor register as a "Communist-action" organization in compliance with the order recently upheld by the Supreme Court. [See p. 205G1]

Isserman Disbarment Voided. The New Jersey Supreme Court June 30 reversed itself and voided the disbarment of Abraham J. Isserman. Isserman had been disbarred after he had been convicted for contempt of court following the 1949 New York trial at which he served on the defense counsel for the 11 top U.S. Communists. The New Jersey ruling noted that the contempt conviction had been reversed in U.S. courts 2 years previously. [See Vol. XIV, p. 438C1]

Contempt Convictions Upheld. The U.S. Court of Appeals in Washington June 30 upheld contempt-of-Congress convictions of American Communications Association members Frank Grumman and Bernard Silber for their refusal to answer House Un-American Activities subcommittee questions in 1957. [See Vol. XX, p. 133B1]

FOREIGN

Angola

Salazar Assails U.S. Portuguese Premier Antonio de Oliveira Salazar, in a speech to the National Assembly in Lisbon June 30, accused the U.S. of having served Communist subversion in Africa by voting with the USSR on UN resolutions condemning Portuguese rule in Angola. Salazar charged that the U.S.' Angola policy was "incompatible with the obligations" of NATO and that it undermined Europe's "persistence" and deprived it of "human, strategic and economic support for its defense and the defense of Africa."

The premier declared that Portugal would not comply with a June 9 UN Security resolution that called on Portugal to halt "severely repressive measures" in Angola. Salazar said the resolution "offends the right of a sovereign nation."

(Portugal had refused to permit a 5-nation UN subcommittee [Bolivia, Dahomey, Malaya, Finland and the Sudan] to investigate conditions in Angola, it was reported June 30. The UN had reported June 23 that the subcommittee chairman, Carlos Salamanca of Bolivia, had received an invitation from Portugal to visit Lisbon alone and in an unofficial capacity to discuss the Angola situation.) [See p. 215D3]

Rebellion. 2 whites and 3 Africans were killed June 17 in a rebel attack near the Angolan village of Caxito. Several persons were killed in rebel attacks June 18 in the Carmona area and in Dembos. Portuguese troops June 24 recaptured the rebel-held towns of Cuimba, Lucunga, Macocola, Bembe and Bungo. 30 rebels were captured July 1 in unsuccessful attacks on Santa Cruz.

Portuguese Overseas Affairs Min. Dr. Adriano Moreira reported June 10 that the Angolan rebels thus far had killed "1,000 or 1,200 people." Rebel leader Holden Roberto asserted in Léopoldville July 1 that Portuguese troops had killed 25,000 civilians in attempts to crush the revolt. He estimated Portuguese casualties at 1,000.

The Archbishop of Canterbury, Dr. Arthur Michael Ramsey, July 4 accused Portugal of using "indiscriminate violence" in fighting the rebellion. Speaking at the Church of England's Church Assembly meeting in London, he declared that Christian clergymen and teachers had been killed and churches schools and villages destroyed.

A Portuguese foreign ministry communiqué July 4 denied Portugal had carried out a policy of exter-

mination in Angola. It said the charges had been spread by "international political spheres and certain religious sects of foreign missionary organizations." (The overseas ministry had ordered the closing of all Roman Catholic and Protestant missions in northern Angola to protect them from violence.) [See p. 216B2]

Britain Halts Arms. Prime Min. Harold Macmillan told the House of Commons June 27 that Britain had suspended the shipment of arms to Portugal's overseas territories. He declared, however, that on the question of shipping arms to Portugal, Britain had to "consider her [Portugal's] reasonable military requirements as a NATO ally."

Canada

U.S. Arms Pact Talks. The U.S. and Canada were negotiating a new defense agreement, according to testimony heard by the U.S. House Defense Appropriations subcommittee May 17 and made public June 10. The talks were expected to be concluded in 1962.

The proposed pact would make Canada responsible for complete operation and maintenance of the Pine Tree Line, the radar air-defense warning system across Canada. The U.S., which bore a major responsibility for the line's operation, would save $30 million annually by the move. The U.S. in turn would spend $150 million in 3 years for the production in Canada of Lockheed F-104 fighter planes for NATO forces. [See Vol. XIX, p. 441F2]

Budget. A budget presented to the Canadian Parliament June 20 by Finance Min. Donald Fleming estimated expenditures in the fiscal year that began Apr. 1 at more than $6.4 billion, revenues at less then $5.8 billion and a deficit of almost $650 million, compared with the $345 million deficit for the fiscal year ended Mar. 30.

The budget called for stimulating Canada's economy through deficit spending and by reducing the exchange rate on the Canadian dollar through purchase of U.S. dollars by the Dominion's Exchange Fund. (The foreign exchange market in Montreal opened June 21 with the Canadian dollar traded at a discount of 3½¢ to 4¢ below the U.S. dollar, the lowest level in 10 years. The discount rate later rose 2¢ to 3½¢.) Reducing the Canadian dollar's premium would stimulate exports and reduce imports from the U.S.

Other budget proposals called for: (a) abolition of the 7½% excise tax on autos; (b) increase by 50% of the depreciation allowance for new plants and equipment for tax purposes in the year in which the property was acquired; (c) tax incentives to encourage scientific research. [See Vol. XIX, p. 113B3]

Finland

Premier Resigns. Finnish Pres. Urho K. Kekkonen July 3 accepted the resignation of Premier Vieno J. Sukselainen and his government. (Interior Min. Eemil Luukka was to serve as temporary premier.) Sukselainen had resigned June 29 after a Helsinki court had convicted him the previous day of administrative irregularities in his post as director general of the board of the State Pensions Institution. 16 other board members were convicted on similar charges. The agency's officers had been accused of obtaining low-interest loans from the institution in 1950-51 for the personal acquisition of apartments in a housing project. Sukselainen and the 16 defendants were dismissed from the board and were each fined 20,000-450,000 Finnish marks (about $61-$1,400.) [See Vol. XX, p. 413G1]

Great Britain

Appointments. Prime Min. Harold Macmillan June 27 announced the promotions of these government ministers (former posts in parentheses): Denis Forwood Vosper, 45, (Home Office minister of state), to be secretary of the Department of Technical Cooperation, a newly-created agency that was to provide technical and educational aid to foreign countries; Joseph B. Godber, 47, (foreign affairs undersecretary), to be Foreign Office state minister, succeeding David Ormsby-Gore, ambassador-designate to the U.S.; David Lockhart-Mure Renton, 52, (Home Office undersecretary of state), to be minister of state; Peter John Mitchell Thomas, 40, (Labor Ministry parliamentary secretary), to be Foreign Office joint parliamentary secretary; Earl Jellicoe, 43, (Lord-in-Waiting in House of Lords), to be Housing and Local Government Ministry joint parliamentary secretary. New appointments: Charles Fletcher-Cooke, 47, Conservative MP, as Home Office parliamentary undersecretary; Alan Green as Labor Ministry parliamentary secretary; Lord Denham as Lord-in-Waiting. [See Vol. XX, p. 392E1]

Labor Party Policy. The Labor Party issued June 28 a policy statement in which it backed industrial expansion, planning and national development but rejected the principle of total nationalization. It said that "social ownership" could be attained not only by nationalization but also by government partnership in private enterprises or competition between government-owned and private industry. The Laborite statement was outlined in a document called "Signposts of the Sixties" drawn up by a 5-member committee led by Hugh Gaitskell.

The document proposed: (1) Public ownership of land on which the government had authorized building or rebuilding; renationalization of the steel industry; government participation in the aircraft and pharmaceutical industries. (2) Government intervention in industries subject to speculative mergers. (3) Integration of private schools into the state education system. (4) Establishment of an industrial planning board for public and private industry. (5) A capital gains tax. [See Vol. XX, p. 392A1]

Iran

Baghai Sentenced. Dr. Mozzafer Baghai, leader of the opposition Guardians of Freedom Party and a former associate of ex-Premier Mohammed Mossadegh, was given a 2-year prison sentence in Teheran June 27 on charges of having intimidated police officers. Baghai, arrested Feb. 5, was accused of having asked the officers not to prevent his party from holding a rally. [See p. 104G3]

Ahmad Aramesh, state minister and planning chief in Ex-Premier Jaffar Sharif-Imami's government, was arrested in Teheran June 28 on charges of "acting against the security of the state." Aramesh allegedly had told newsmen June 26 that Sharif-Imami's government had been "toppled" by "foreign powers" May 5 because he had planned to withdraw Iran from CENTO and declare Iran neutral. [See p. 167G3]

Outer Mongolia

U.S. Ties Favored. The N.Y. Times reported July 8 that Outer Mongolia had accepted an American offer to establish diplomatic relations with the U.S. The agreement was said to have resulted from conferences in June in Moscow between Outer Mongolian Amb.-to-USSR Senomin Lubsan and Edward L. Freers, U.S. Moscow Embassy chargé d'affaires. The U.S. had proposed establishing diplomatic ties to determine whether the Outer Mongolian government was genuinely independent and qualified for UN membership. [See p. 183E1]

South Korea

Junta Vs. Force. South Korean Foreign Min. Kim Hong Il said at a news conference in Seoul June 24 that the ruling junta opposed the "unification of Korea by force," wanted "to unify Korea by peaceful means." Kim's statement was in reply to a USSR charge that the junta favored "the former position of Syngman Rhee of unifying the country by a military march north." The accusation was made by Soviet First Deputy Premier Aleksei N. Kosygin during a recent visit to North Korea, according to a Communist broadcast May 30. [See Vol. XX, p. 97B3]

Meloy Heads UN Forces. Lt. Gen. Guy S. Meloy Jr. of the U.S. Army became head of the UN Command in Korea June 30. He succeeded Gen. Carter B. Magruder, 61, who retired from the Army that day. Meloy, promoted to full general July 1, also became commander of U.S. forces in Korea and the 8th U.S. Army. [See pp. 200F2, 120G1]

(The U.S. July 5 relinquished control of Kimpo Airport outside Seoul to the South Korean government.)

(Samuel D. Berger, new U.S. ambassador to South Korea, arrived in Seoul June 24 to assume his post.)

United Arab Republic

Zarb Freed. Pres. Nasser Feb. 5 signed a decree releasing James Zarb, a Maltese-born British citizen, from a Cairo prison where he had served 5 years of a 10-year sentence for espionage. Zarb left jail Feb. 6. He had been sentenced June 22, 1957 on charges of having spied for Britain

in a plot to overthrow the Egyptian government. [See Vol. XVII, p. 204F1]

Suez Toll Record. The National Bank of Egypt reported June 10 that the Suez Canal's 1960 transit tolls totaled more than £50 million (about $150 million), a record. Canal traffic had increased due to a widening of the waterway to permit passage of ships of 37½-foot draft. [See Vol. XX, p. 423E3]

Yugoslavia

Neutral Summit Set. The Yugoslav press agency Tanyug reported June 9 that a "little summit" meeting of leaders of uncommitted nations would be held in Belgrade starting Sept. 1. Its purpose would be to work out agreed positions on world issues and to expand the neutralist bloc. The parley had been arranged at a preparatory conference of representatives of 21 nations meeting in Cairo since June 5.

The planned meeting, also described as a new "Bandung conference," had resulted from talks in Cairo between Yugoslav Pres. Tito and UAR Pres. Nasser during Tito's visit to the UAR Apr. 16-22. A joint letter written by Tito and Nasser calling for such a conference had been sent to potential conferees.

(Tito's trip to the UAR concluded an African tour that had started Feb. 28 with state visits to Ghana, Togo, Guinea, Liberia, Morocco and Tunisia.)

Indonesian Pres. Sukarno arrived in Belgrade June 15 for 2 days of talks with Tito on the meeting.

Tito, speaking at Titovo Uzice July 4, said that the proposed Belgrade talks were necessary to "prevent the worst and find a way out of the present stalemate." The uncommitted nations, he said, were united "to avoid the biggest catastrophe that has ever befallen people on our planet." Tito called the conference a continuation of the Sept. 29, 1960 meeting of neutralist leaders attending the UN General Assembly. [See Vol. XX, pp. 333G1, F3, 323D2]

— LATIN AMERICA —

Cuba

Molina Sentenced. Francisco (the Hook) Molina 29, described as a pro-Castro strong-arm man, was sentenced in New York June 29 to a jail term of 20 years to life for the Sept. 21, 1960 accidental fatal shooting of Magdalena Urdaneta, 9, of Venezuela, during a brawl with anti-Castro Cubans in a New York restaurant. Molina also was sentenced to a 5-10 year term for assault with intent to kill an anti-Castro Cuban in the fight and to a 2½-5-year term for 2d degree assault on another. The 3 sentences were to be served concurrently. [See pp. 184E2, 134A2]

Dominican Republic

Riots. The first anti-government demonstrations to be reported from the Dominican Republic in 31 years erupted July 7 in Ciudad Trujillo.

Rioters burned down the pro-government Caribe radio station and killed station technician Victor Manuel Perez, 30. A pro-government mob of about 50 persons retaliated by burning down the newly-opened headquarters of the opposition pro-Castro Popular Dominican Movement. Other anti-Trujillo demonstrators marched on the national palace but were turned back. At least 6 persons were injured. 20 were arrested.

The rioting began during a government-authorized rally by the opposition Popular Dominican Revolutionary Party, the first of its kind since 1930. The gathering was addressed by party leaders Angel Miolan, Nicolás Silfa and Ramon A. Castillo, who had returned to the DR July 5 after years of exile. (The 3 were to meet with government officials to discuss what guarantees would be extended to political opponents who participated in the May 1962 national elections.)

Police July 8 fired in the air to disperse 300 students who demonstrated in Ciudad Trujillo streets shouting anti-government slogans. Police broke up a student demonstration in front of the University of Santo Domingo in Ciudad Trujillo July 9.

Pres. Joaquin Balaguer July 8 ordered an investigation to determine whether Communists or Castro sympathizers were responsible for the July 7 disturbances. The government had announced July 3 that 25 persons jailed for conspiracy had been released under a new amnesty law. [See p. 228C2]

Business & Financial Summary

Week Ended July 8

	This Week	Last Week	Year Ago
FINANCE:			
U.S. Treasury—			
Monetary gold stocks	*$17,550	*$17,533	*$19,322
Currency circulation	*$32,480	*$32,202	*$32,155
Banks—			
Com'l & ind'l loans§	*[a]$31,756	*$31,702	*$31,851
Agricultural loans	*[a]$1,153	*$1,147	*$979
N.Y. bank clearings	$14,617,379,586	$16,620,550,942	$13,374,293,313
England note circulation	*£2,337.928	*£2,320.934	*£2,245.643
N.Y. Stock Exchange—			
Stock sales (shares)	11,964,700	13,554,210	11,816,430
Stock avgs. (100 shares)**	251.08	249.17	228.52
Bond sales (par value)	$26,799,000	$25,435,400	$20,348,500
Bond avgs. (30 bonds)**	85.97	86.03	84.91
INDUSTRY:			
Auto output (cars & trucks)†	103,321	152,561	104,807
Crude oil (bbl. daily)	[b]6,888,060	7,094,740	6,811,260
Soft-coal output (tons)	[c]8,970,000	9,065,000	9,022,000
Electric output (kwh.)	*[b]15,183	*14,870	*14,646
Carloadings (cars)	*[b]533,573	600,001	547,893
PRICES:			
Wheat (bu.)	$2.36¼	$2.36½	$2.28⅝
Corn (bu.)	$1.43	$1.41¾	$1.49⅛
Cotton (lb.)	$.347	$.346	$.3420
Steel scrap avg. (ton)[e]	$36.83	$37.17	$31.00
Wholesale food index‡	[d]$5.94	$5.90	$5.90
Weekly whlsl. index (BLS)¶	.....	118.8	119.5
BUSINESS:			
Dept. stores sales	[b]125	127	126
Failures (June 29)‡	326	307	278

*In millions **N.Y. Herald Tribune †Ward's estimate. ‡Dun & Bradstreet ¶1947-49=100 §Federal Reserve Board [a]Member banks, 107 cities, June 28 [b]July 1 [c]June 24 [d]July 5 [e]Iron Age

Dillon Predicts Boom. Treasury Secy. Douglas Dillon June 20 predicted that "by this time next year our economy will be rolling in high gear. We may well be in the midst of an economic boom." Speaking before the National Press Club in Washington, Dillon estimated that the U.S.' gross national product would be "some $555 billion" in 1962, an 8% increase over the expected 1961 GNP. He warned, however, that the "imperative need to keep our products competitive with foreign products" made price stability and some price cuts mandatory. [See p. 93E-F1]

Redevelopment Areas Listed. The first 114 areas eligible to receive U.S. aid under the recently enacted area-redevelopment bill were announced June 9 by Administrator William L. Batt Jr. of the Area Redevelopment Administration. The areas:

Alabama—Gadsen, Jasper; Alaska—Anchorage; California—Modesto, Ukiah; Connecticut—Ansonia, Bristol, Danielson; Georgia—Cedartown-Rockmart; Illinois—Cairo-Metropolis, Centralia, Harrisburg, Herrin-Murphysboro-West Frankfort, Litchfield, Mount Vernon; Indiana—Evansville, New Castle; Kansas—Pittsburg; Kentucky—Corbin, Hazard, Hopkinsville, Madisonville, Middlesboro-Harlan, Morehead-Grayson, Paducah, Paintsville-Prestonsburg, Pikeville-Williamson; Maine—Biddeford-Sanford; Maryland—Cambridge, Cumberland, Hagerstown; Massachusetts—Fall River, Lowell, New Bedford, North Adams; Michigan—Adrian, Bay City, Detroit, Flint, Marquette, Monroe, Port Huron; Minnesota—Brainerd-Grand Rapids, Hibbing-Virginia; Missouri—Flat River, Washington; Montana—Butte, Kalispell; New Jersey—Atlantic City, Bridgeton, Long Branch, Ocean City-Wildwood-Cape May; New York—Amsterdam, Auburn, Gloversville, Jamestown-Dunkirk, Ogdensburg-Massena-Malone, Plattsburgh; North Carolina—Fayetteville, Kingston, Lumberton, Wilson; Ohio—Athens-Logan-Nelsonville, Batavia-Georgetown-West Union, Cambridge, Portsmouth-Chillicothe; Oklahoma—McAlester, Muskogee; Pennsylvania—Altoona, Berwick-Bloomsburg, Butler, Clearfield-Dubois, Erie, Indiana, Johnstown, Kittaning-Ford City, Lewistown, Meadville, New Castle, Pittsburgh, Pottsville, St. Marys, Scranton, Sayre-Thens-Towanda, Sunbury-Shamokin-Mount Carmel, Uniontown-Connellsville, Wilkes-Barre-Hazleton; Puerto Rico—Mayaguez, Ponce, San Juan; Rhode Island—Providence-Pawtucket; South Carolina—Conway; Tennessee—LaFollette-Jellico-Tazewell; Texas—Laredo; Virginia—Big Stone Gap-Appalachia; Washington—Aberdeen, Anacortes, Centralia, Port Angeles, Yakima; West Virginia—Beckley, Bluefield, Charleston, Clarksburg, Fairmont, Huntington-Ashland, Logan, Morgantown, New Martinsville, Oak Hill-Montgomery, Point Pleasant-Gallipolis, Ronceverte-White Sulphur Springs, Welch, Wheeling. [See p. 156E2-D3]